



The California Managed Risk Medical Insurance Board
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Governor Gray Davis, Members of the California Legislature, and Fellow Californians:

On behalf of the Managed Risk Medical Insurance Board and staff, I am pleased to submit a report on the use of affidavits to document income for the Healthy Families Program (HFP). This report is pursuant to the Governor's signature letter for Assembly Bill 430, Statutes of 2001, which allows Healthy Families applicants to use an affidavit for purposes of documenting income for the HFP eligibility. The affidavit can be used when the applicant cannot provide any other acceptable form of income verification. The Governor requested the Managed Risk Medical Insurance Board (MRMIB) to report, after six months from the implementation of this requirement, on the percentage of applicants who use an affidavit to verify income when applying for the HFP.

Key findings in the Affidavit of Income Report for the first six months include:

- During the reporting period, over 75,000 applications were processed by HFP and only 640 (0.35%) used an affidavit to verify income.
- An affidavit was used more frequently by families (65%) who have household incomes below 150% of the FPL.
- No reports of misconduct by HFP staff or Certified Application Assistants have been received at the Managed Risk Medical Insurance Board

We present this report to meet the Governor's request that the MRMIB provide a report on the percentage of applicants using the affidavit as documentation of income.

Sincerely,

A handwritten signature in black ink, appearing to read "Lesley Cummings", with a stylized flourish at the end.

Lesley Cummings
Executive Director

I. Background

As a result of AB 430 (Cardenas), Chapter 171, Statutes of 2001, Insurance Code Section 12693.70(d), was amended, effective August 10, 2001, to allow an applicant for coverage under the Healthy Families Program (HFP) to use an affidavit for purposes of establishing HFP eligibility when income can not be documented by any other acceptable form (e.g., pay stub, Federal Tax Form 1040, etc.). The use of affidavits is already allowed in the Medi-Cal Program and this change serves to further align the two programs.

During the policy debate on AB 430, concerns were raised that the affidavit of income might be used inappropriately or in place of other acceptable forms of income documentation. To assist the Administration and the Legislature in evaluating this policy change, in his signature message for AB 430, the Governor requested that the MRMIB report on the percentage of applicants applying for the HFP who use an affidavit as documentation of income during the first six months after implementation of this policy change. This report was prepared in response to the Governor's request.

II. Affidavit Requirements

The HFP requires an applicant wanting to use an affidavit as documentation of income to:

- Detail the amount and frequency of income received,
- Make a declaration that the individual cannot provide other documentation of his/her income at the time of the application to the program, and that the information provided is true and correct to the best of the individual's knowledge and belief,
- Make an acknowledgement that the individual understands that the information contained in his/her affidavit may be subject to verification by the State, and
- Provide the signature of the individual providing the affidavit of income and the date of the signature.

III. Monitoring

The Healthy Families Administrative Vendor collects information on all types of income used to apply for the Healthy Families Program. Each income type is assigned a unique income source identifier which is recorded with each eligibility determination. As a result of the Governor's request, MRMIB ensured that affidavits were also assigned such an identifier at the implementation of this requirement. The information contained in this report reflects data from those unique income source codes and from statistical reports reported by the MRMIB.

MRMIB provided the Healthy Families Program Administrative Vendor with instruction on the use of affidavits of income, and has confirmed that all HFP staff are fully aware of the appropriate use of the affidavit for purposes of documenting income. During this same period, MRMIB disseminated information on the use of the affidavit on a broad scale. This included training to health plan Certified Application Assistants (CAAs), posting information on the HFP website and CAA Bulletins. The HFP staff and CAAs have also been informed that the manipulation or the incorrect reporting of family income is considered fraudulent behavior. During this period, no reports of misconduct by HFP staff or CAAs have been received at the MRMIB and only 0.35% of the applications received included affidavits to document income.

IV. Reports of Affidavits of Income

Chart 1 details the number of applications received during the reporting period (July 1, 2002 through December 31, 2002).

Chart 1

Healthy Families Program Application Statistics	
July-02	12,601
August-02	14,337
September-02	13,222
October-02	14,789
November-02	12,595
December-02	8,178
Total Applications	75,722

Chart 2 shows the types of income documentation received with the applications in Chart 1 and the percentage of income sources by type of documentation.

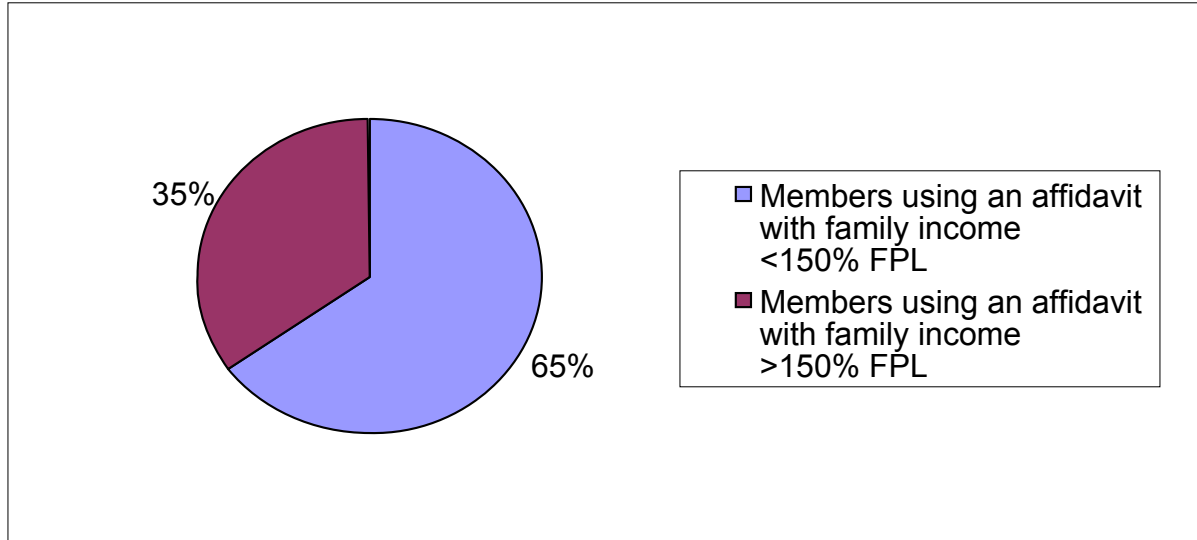
Chart 2

Source of Income	Count	Percentage of Total
Pay Check Stub	125,990	66.00
Federal Tax Form	15,730	8.40
Child Support	9,493	5.10
Unemployment	9,244	4.90
Employer Letter	7,306	3.90
Social Security (SSA)	6,600	3.60
Worker's Comp	3,806	2.00
Quarterly P/L	2,559	1.40
Employer Statement	2,131	1.10
Disability	1,256	0.66
Other	918	0.48
W-2	895	0.47
NOA	710	0.37
Affidavit	671	0.35
Gift	638	0.34
Alimony	341	0.18
Pension/Retirement	340	0.18
CalWorks	265	0.14
SSI/SSP	255	0.13
RSDI	194	0.10
Veterans	165	0.09
Award Letter	82	0.04
Bank Statement	58	0.03
Grants	45	0.02
Settlement	42	0.02
Railroad Retirement	8	0.00
Lottery/Bingo	1	0.00
Total	189,743	100.00

*An average of 2.5 types of income documentation are submitted per application.

Chart 3 details the percentage of applicants using an affidavit whose family income was above 150% of the federal poverty level compared with those who are below 150% of the federal poverty level.

Chart 3



V. Conclusion

Affidavits are a viable means of documenting income and fill a void for those families who have no other means to verify their earnings when applying for the Healthy Families Program. Affidavits were rarely used to document income and no reports of misconduct by HFP staff or Certified Application Assistants were received at the Managed Risk Medical Insurance Board. Thus, there do not appear to be abuses with this form of income verification. This policy change has also been useful in aligning income documentation standards between the HFP and the Medi-Cal Program. In conclusion, affidavits provide an alternative method of income documentation for those applicants who are unable to provide any other acceptable form of income documentation, thus aiding the reduction of uninsured children in California.